

UNION BANKSHARES INC

Form DEFA14A

April 09, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

Union Bankshares, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:



APRIL 9, 2018

AT OR FOR THE YEARS  
ENDED DECEMBER 31

		2017	2016	2015	2014	
		(Dollars in thousands, except per share data)				
	Balance Sheet Data					
<p>We are pleased to invite you to our 127th Annual meeting to be held at 116 Vermont Route 15 West, Morrisville Vermont in the Charlmont Restaurant meeting room on May 16, 2018 at 3:00pm. We hope you will join us for the meeting as well as a reception immediately following. We always enjoy visiting with our long time shareholders as well as meeting newer ones. Included with this "year in review" are the Proxy for the annual meeting as well as our Annual Report on Form 10-K for the year ended 2017. The Proxy and 10-K provide detailed financial information about your company. For those so inclined we direct your attention to the Management's Discussion and Analysis of Financial Condition and Results of Operations section of the 10-K. Though pretty dense, this section really outlines our financial story and provides context to the absolute numbers we present. Highlights of the year ended December 31, 2017 compared to year ended December 31, 2016 include:</p> <ul style="list-style-type: none"> <li>• Net income before taxes increased \$943 thousand, or 8.5%, to \$12.1 million.</li> <li>• Net interest income increased \$2.0 million, or 8.0% to \$26.8 million.</li> </ul>	<ul style="list-style-type: none"> <li>• Net loan charge-offs were \$39 thousand for the year ended December 31, 2017.</li> <li>• Nonperforming loans were 0.28% of total loans.</li> </ul> <p>Overall, the directors and management are pleased with our 2017 financial performance. We hope our shareholders are as well. We are working on several projects in 2018 that are intended to help your company continue to grow in a profitable manner, and to enhance our customer's experience accessing our services. An exciting example of this is our transition to a new digital and mobile banking platform. On March 13, 2018 we converted from our existing digital/mobile product to a new platform with many more features and functions, as well as better ease of use. As with any major conversion, there has been a significant amount of work on planning and preparing for this conversion. Our staff have been at it for over six months and have done a terrific job getting us to this point. Hopefully by the time you read this the conversion will be completed and most of the kinks worked out of the</p>	Total assets	\$745,831	\$691,381	\$628,879	\$624,063
	Investment securities	66,439	66,555	59,327	52,964	
	Loans and held for sale Allowance	594,562	541,093	506,141	490,721	
	for loan losses	(5,408)	(5,247)	(5,201)	(4,694)	
	Deposits	647,574	597,660	560,408	552,064	
	Borrowed funds	31,581	31,595	9,564	15,118	
	Stockholders' equity <sup>1</sup>	58,661	56,279	53,568	51,434	
		Income Statement Data				
	Total interest and dividend income	\$29,017	\$26,836	\$25,144	\$24,852	
	Total interest expense	(2,255)	(2,061)	(2,025)	(2,155)	
Net interest and dividend income	26,762	24,775	23,119	22,697		
Provision for loan losses	(200)	(150)	(550)	(345)		
Noninterest income	9,395	10,140	9,792	8,909		
Noninterest expenses	(23,905)	(23,656)	(21,820)	(20,794)		
Income before provision for income taxes	12,052	11,109	10,541	10,467		
Provision for income taxes	(3,603)	(2,598)	(2,663)	(2,773)		
Net income	\$8,449	\$8,511	\$7,878	\$7,694		

new product.

• Net income for 2017 was \$8.4 million, or \$1.89 per share, compared to Net Income for 2016 of \$8.5 million, or \$1.91 per share, a slight decrease. This slight decrease in net income was caused by an increase in Federal Income Taxes caused by the Tax Cuts and Jobs Act being signed into law on December 22, 2017.

• Return on average common equity of 14.53% and return on average assets of 1.21%.

• Book value per common share increased 4.4% to \$13.17 as of December 31, 2017.

• Total shareholders' equity increased 4.5% to \$58.8 million compared to December 31, 2016.

• Total Loans increased \$53.6 million, or 9.9% to \$595.4 million.

• Total Deposits increased \$49.9 million, or 8.4% to \$647.6 million.

We would like to remind you of two shareholder services you may want to take advantage of. The first is our Dividend Reinvestment Program. With this program you may elect to have some or all of your dividends reinvested to buy additional shares of Union Bankshares, Inc. You may also elect to buy additional shares through this program, avoiding brokerage fees. Second, you have the option of setting up a direct deposit of your dividend, avoiding having to wait for a check to arrive in the mail. Please contact Kristy Adams Alfieri at 802.888.0982 or [kadamsalfieri@unionbankvt.com](mailto:kadamsalfieri@unionbankvt.com) if you would like additional information regarding these services.

Per Common Share Data					
Net income <sup>2</sup>	\$1.89	\$1.91	\$1.77	\$1.73	
Cash dividends paid	1.16	1.11	1.08	1.04	
Book value <sup>1</sup>	13.14	12.61	12.02	11.54	
Weighted average number of shares outstanding	4,462,192	4,459,001	4,458,037	4,458,393	
Number of shares outstanding	4,465,576	4,462,135	4,457,177	4,458,430	

<sup>1</sup>Stockholders' equity includes unrealized gains or losses, net of applicable income taxes, on investment securities classified as "available-for-sale" and includes the unfunded liability for pension benefits, net of taxes for the defined benefit pension plan.

<sup>2</sup>Computed using the weighted average number of shares outstanding for the period.

Kenneth D. Gibbons  
Chairman

David S. Silverman  
President & CEO

Market for Union Bankshares Common Stock

On March 12, 2018, there were 4,465,647 shares of common stock outstanding held by 527 stockholders of record. The number of stockholders does not reflect the number of beneficial owners, including persons or entities who may hold the stock in nominee or “street name.” Union Bankshares’ common

stock is listed on the NASDAQ Global Market trading under the symbol UNB. For shareholder assistance please contact Kristy Adams Alfieri at 802.888.0982 or our Transfer Agent, Broadridge Corporate Issuer Solutions, Inc., at 866.321.8022.

Stock Performance Graph

The following graph illustrates the annual percentage change in the cumulative total shareholder return of the Company’s common stock for the period of December 31, 2012 through December 31, 2017. For purposes of comparison, the graph illustrates comparable shareholder returns of

the SNL Bank \$500M-\$1B Index and the NASDAQ Composite Index. The graph assumes a \$100 investment on December 31, 2012 in each case and measures the amount by which the market value, assuming reinvestment of dividends, has changed during the five year period ended December 31, 2017.

UNION BANKSHARES COMMON STOCK

TOTAL RETURN PERFORMANCE

2017			2016		
HIGH	LOW	DIVIDENDS	HIGH	LOW	DIVIDENDS
First Quarter					
\$45.55	\$40.25	\$0.29	\$29.10	\$27.06	\$0.27
Second Quarter					
\$48.70	\$39.75	\$0.29	\$37.18	\$28.26	\$0.28
Third Quarter					

\$49.95	\$41.00	\$0.29	\$36.92	\$33.69	\$0.28
Fourth Quarter			Fourth Quarter		
\$55.00	\$45.70	\$0.29	\$48.80	\$32.75	\$0.28

2017 Year In Review 3 42017 Year In Review

---

New Digital Banking Service liquidity, we look forward to continuing to meet the needs of our customers and communities that we serve. Mortgage Lending 2017 was another strong year for mortgage loan originations. In fact we had a record year in the ongoing revenue earned from servicing mortgage loans and in the volume of residential construction loans originated. Repeat customers, client referrals, strong relationships with builders and realtors, Person-to-Person attractive products and outstanding customer service helped drive this successful performance. The positive impact that Union Bank has made in the lives of first

**DIRECTORS**

- Kenneth D. Gibbons - Chairman
- Neil J. Van Dyke - Vice Chairman
- Steven J. Bourgeois
- Dawn D. Bugbee
- John M. Goodrich
- Timothy W. Sargent
- David S. Silverman
- John H. Steel

**OFFICERS**

- Kristy Adams Alfieri - Administrative Officer
- Diana M. Ashley - Assistant Vice President
- Danika E. Barry - Credit Administrative Officer
- Stacey M. Belanger - Asset Management Officer
- Rhonda L. Bennett - Vice President
- Karen L. Blanchard Smith - Assistant Vice President
- Sherrie A. Bull - Vice President
- Karen R. Carlson - Vice President
- Stacey L.B. Chase - Vice President
- Barbara J. Churchill - Assistant Vice President

transactions time home  
 for accounts buyers has been  
 held at other regularly  
 financial recognized by  
 institutions the US  
 (e.g. credit Department of  
 cards, loans, Agriculture,  
 deposits and Rural  
 investments). Development  
 (RD). In

- Use our new addition, Union  
 Personal Bank is  
 Financial consistently one  
 Management of the top  
 tools. Vermont  
 Housing

- Move, group Finance Agency  
 and name (VHFA)  
 accounts in mortgage  
 ways that originators.  
 make sense to  
 them.

- Access a full  
 suite of bill  
 pay options.

- Communicate  
 with us via  
 secure  
 messages,  
 which  
 conveniently  
 auto-fill key  
 account or  
 transaction  
 information.

- Benefit from  
 new advanced  
 security  
 features.

Commercial and  
 Municipal  
 Services

Deposit  
 Accounts

Union Bank  
 offers a range of  
 deposit options  
 to serve a wide  
 variety of  
 customers. In  
 collaboration  
 with other

Schuyler W. Sweet

**OFFICERS**

Kenneth D. Gibbons - Chairman  
 David S. Silverman - President &  
 CEO

Karyn J. Hale - Chief Financial  
 Officer

John H. Steel - Secretary

Kristy Adams Alfieri - Assistant  
 Secretary

Jeffrey G. Coslett - Vice President

**DIRECTORS**

Kenneth D. Gibbons - Chairman  
 Neil J. Van Dyke - Vice Chairman

Steven J. Bourgeois

Dawn D. Bugbee

John M. Goodrich

Nancy C. Putnam

Timothy W. Sargent

David S. Silverman

Everett C. Comstock - Collections Officer  
 Jeffrey G. Coslett - Senior Vice President  
 Michael C. Curtis - Vice President  
 Jennifer M. Degree - Assistant Vice President  
 Ronald C. Dion - Vice President

Jessica M. Eastman - Vice President

Lisa R. Geraghty - Vice President  
 Charles W. Goldstein - Assistant Vice  
 President

Don D. Goodhue - Vice President  
 Jonathan J. Gould - Senior Vice President  
 Melissa A. Greene - Vice President  
 Paul E. Grogan - Facilities Officer  
 Karyn J. Hale - Senior Vice President & CFO  
 Randy L. Hannett - Information Technology  
 Officer

Robert D. Hofmann - Senior Vice President  
 Patricia N. Hogan - Senior Vice President  
 Lura L. Jacques - Vice President  
 Lynne P. Jewett - Vice President  
 Therese H. Johansson - Vice President  
 Stephen H. Kendall - Senior Vice President  
 Susan F. Lassiter - Vice President  
 Edward L. Levite - Senior Loan Originator  
 Carrie R. Locklin - Vice President

John L. Malm - Vice President

Debra J. Marcoux - Loan Servicing Officer



banks, we enable businesses, municipalities, non-profits and individuals to conveniently access multi-million-dollar FDIC insurance coverage for CDs, money market, and demand sweep accounts. Our school-based Save for Success Program helps student depositors develop sound financial habits at a young age. For those customers who bring larger deposit balances to the bank, we offer Advantage Banking. This package of services reward and retain these important depositors who contribute substantially to our ability to fund our extensive community lending activities. In 2017, our deposits grew by approximately \$49.9 Million or 8.4%, in part due to our

success  
attracting,  
expanding and  
retaining  
municipal  
banking  
relationships.  
For more  
information,  
please contact  
our Customer  
Care Team at  
1.800.753.4343.